

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Philip Angelides, Chairman
CA State Treasurer

Community Clinic Grant Program of 2005

Overview & Instructions for Grant Application

GRANT FUNDS
FOR CALIFORNIA'S
PRIMARY CARE CLINICS

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**California Health Facilities Financing Authority
Community Clinic Grant Program of 2005**

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I. Overview and Instructions for Community Clinic Grant Program of 2005

Program Overview

Under an agreement between the California Insurance Commissioner and WellPoint Health Networks Inc. (WellPoint) have agreed to make a one-time \$35 million contribution to be used as Grant funds for eligible Clinics throughout California. The California Health Facilities Financing Authority (the “Authority”) is authorized to administer this new Grant program.

The Authority will award grants up to a maximum of \$250,000 per eligible Clinic for projects demonstrating a superior ability to expand and/or improve access to healthcare for the indigent, uninsured, underserved, and special needs population in California.

Contact Information

If there are additional questions, Applicants are encouraged to contact the following Authority staff members by email (preferred) or phone.

Email: ClinicComments@treasurer.ca.gov

Ray Artinian
Treasury Program Manager
(916) 653-3841

Martha Maldonado
Associate Treasury Program Officer
(916) 653-3360

The Application

Application Form:

The application **consists of pages 1-14, with Attachments A - D**. Applicants shall submit a complete application with corresponding Attachments, as necessary. Application *Sections C, D, E, F and G* will be used by Authority staff to *score and rank* applications on a competitive basis. All other sections will not be scored, but may result in the disqualification of a project from funding.

Application Due Date

The original application and one copy must be received by the Authority on or before 5:00 pm on the due date (faxed or electronic versions and postmarks will not be considered). Applications submitted after the final filing date/time will not be accepted and will be returned. Review and evaluation of applications by staff shall be based solely upon the information contained in the application at the time of filing.

Important Dates to Remember (Proposed – Subject to Change)

- February 28, 2006 - Application due date
- May 4, 2006 - Initial notification to grant applicants of proposed grant awards
- May 15, 2006 - Appeals due to the Authority

Section A – Applicant Information

Please complete **Section A** of the application. It is particularly important to list a contact person familiar with the application in the event Authority staff needs to contact you.

Maximum Grant Requests

- No Grant shall exceed two hundred fifty thousand dollars (\$250,000) per Clinic. If an organization consists of or is affiliated with more than one Clinic, then each eligible Clinic may receive Grant funds of up to two hundred and fifty thousand dollars (\$250,000). However, no organization along with its affiliates may receive Grant funds in excess of seven hundred and fifty thousand dollars (\$750,000). If an organization receives Grant funds in excess of two hundred and fifty thousand dollars (\$250,000), the entire amount may be expended among approved projects, as reflected in the organization's Application(s).
- The Authority will not accept Grant requests that exceed the total cost of the project.

Section B – Applicant Eligibility

The Community Clinic Grant Program of 2005 is limited to Clinics licensed under Section 1204(a) of the Health and Safety Code (H&SC) or exempt from licensure under Section 1206(c) of the Health and Safety Code.

In summary, the following Applicants are **considered eligible**:

- Community Clinics (Eligible as a primary care Clinics under H&SC 1204(a), see below).
- Free Clinics (Eligible as a primary care Clinic under H&SC 1204(a), see below).
- Indian Clinics operated by a federally recognized Indian tribe tribal organization.
Located on federally designated tribal land (Eligible under Section 1206(c), see below).

Community Clinic

(CA Health and Safety Code, subdivision (a) of Section 1204) - A community clinic means “a clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. In a community clinic, any charges to the patient shall be based on the patient's ability to pay, utilizing a sliding fee scale. No corporation other than a nonprofit corporation, exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954 as amended, or a statutory successor thereof, shall operate a community clinic; provided, that the licensee of any community clinic so licensed on the effective date of this section shall not be required to obtain tax-exempt status under either federal or state law in order to be eligible for, or as a condition of, renewal of its license. No natural person or persons shall operate a community clinic.”

Free Clinic

(CA Health and Safety Code, subdivision (a) of Section 1204) - A free clinic means “a clinic operated by a tax-exempt, nonprofit corporation supported in whole by voluntary donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. In a free clinic there shall be no charges directly to the patient for services rendered or for drugs, medicines, appliances, or apparatuses furnished. No corporation other than a nonprofit corporation exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954 as amended, or a statutory successor thereof, shall operate a free clinic; provided, that the licensee of any free clinic so licensed on the effective date of this section shall not be required to obtain tax-exempt status under either federal or state law in order to be eligible for, or as a condition of, renewal of its license. No natural person or persons shall operate a free clinic.”

Indian Clinic

(CA Health and Safety Code, subdivision (c) of Section 1206) – An Indian Clinic means “any clinic conducted, maintained, or operated by a federally recognized Indian tribe or tribal organization, as defined in Section 450 or 1601 of Title 25 of the United States Code, and which is located on land recognized as tribal land by the federal government.”

All of the above eligible Applicants must also meet the following additional criteria:

- The Applicant has been licensed (or exempt) and in operation since January 1, 2004.
- The Applicant has a current license from the Department of Health Services or is exempt from licensure.
- Audited financial statements for 2004 are free of “Going Concern Qualification” language.
- The completion time for the proposed project is within **eighteen (18) months** of the Final Allocation.
- The Clinic has submitted to the Authority a completed Application Form.
- The Applicant has submitted reporting data to the *Office of Statewide Health Planning and Development* pursuant to Section 1216 of the Health and Safety Code, except for Indian Clinics, which shall be responsible for submitting the data, requested independently to the Authority.

Not eligible:

For-profit, specialty or other clinics not defined under the above provisions.

Eligible Projects

Grant funds may be used to:

- Purchase equipment
 - May include medical, computer (hardware and software), office furnishings, information technology systems, and associated labor for the removal and installation of all of the above.
 - Reasonable training cost associated with the above equipment.
 - Necessary maintenance service contracts associated with the above equipment.
- Constructing, expanding, remodeling, renovating, or acquiring a Clinic.
- Pre-construction costs for permit or project plan fees.

*Grant funds may **not** be used for:*

- Day to day operational expenses.
- Refinancing.
- Reimbursement of expenditures incurred prior to the final allocation date.
- Pre-construction costs, except permit and planning fees.
- Engineering or architectural fees.

Evaluation Criteria for Grant Awards

Application Forms will be evaluated by the Authority Staff on a competitive basis using a **165-point system**, based on the following criteria:

- 1) Population Served, maximum of 60 points (36%).*
- 2) Proposed Services, maximum of 50 points (31%).*
- 3) Financial Capacity, maximum of 20 points (12%).*
- 4) Project Timeliness, Readiness/Feasibility, maximum of 35 points (21%).*
- 5) Sources and Uses, zero points, but required on applications.*

Section C - Population Served (Scoring 0-60 points), based on scoring below:

This section evaluates Applicant's patient base in terms of economic status and healthcare access (Authority to complete items 1-3 below, applicant to complete items 4 and 5, if applicable).

(1) Uncompensated Care (*Maximum 15 points*)

Applicants scoring in the upper tier shall receive *15 points*, the middle tier shall receive *9 points*, and the lower tier, *0 points*.

(2) Indigent Care (*Maximum 15 points*)

Applicants shall be awarded points based on the amount of care provided to Indigent patients, as reflected by the ratio between the numbers of Indigent patients (at or below 200% of the Federal poverty level) and the number of total patients that are reported by each Applicant in its 2004 annual report on file with the Office of Statewide Health Planning and Development pursuant to Section 1216 of the Health and Safety Code. Applicants will be placed in one of three tiers based on the calculated ratios. Applicants scoring in the upper tier shall receive *15 points*, the middle tier shall receive *9 points*, and the lower tier, *0 points*.

(3) Care to the Uninsured (*Maximum 15 points*)

Applicants shall be awarded points based on the amount of care provided to the uninsured, as reflected by the ratio between the number of uninsured patient encounters and the number of total patient encounters that were reported by each Applicant in its 2004 annual report on file with the Office of Statewide Health Planning and Development pursuant to Section 1216 of the California Health and Safety Code. Applicants shall be placed in one of three tiers based on the calculated ratios. Applicants scoring in the upper tier shall receive *15 points*, the middle tier shall receive *9 points*, and the lower tier *0 points*.

(4) Care to the Underserved (*Maximum 10 points*)

Applicants located in federally designated Medically Underserved Areas (MUAs), Health Professional Shortage Areas (HPSAs) or Medically Underserved Populations (MUPs) will receive *10 points*.

(5) Special Needs Populations (*Maximum 5 points*)

Applicants who serve a population of patients with serious chronic or acute conditions that require an extraordinary level of experience and care to provide health care services that result in extraordinary costs to a Clinic may receive up to *5 points*. Applicants must provide third-party substantiating data demonstrating the extraordinary condition of these populations.

Section D - Proposed Services (Scoring 0-50 points), based on responses below:

Each Applicant shall describe the Project and provide supporting documentation that explains:

Proposed services. (*Maximum 50 points*). (Points may be awarded under either (1) or (2) but not both.)

(1) Projects that will expand services to the Indigent, Underinsured, and Uninsured Populations will be evaluated as follows:

- A. Extent to which the proposed project reflects a superior understanding and prioritization of community needs, community problems or barriers to accessing health care services within the community, that have been documented by various credible sources in the application. (*Maximum 20 points*)
- B. Amount and importance to community of new services that this project proposes to provide. (*Maximum 20 points*)
- C. Extent to which Applicant justifies achievable and convincing outcomes and methods to effectively monitor and evaluate those outcomes. (*Maximum 10 points*)

(2) If the project will not result in net additional or new services to existing or new patients but will maintain or improve existing services to indigent, underinsured, and uninsured populations, project will be evaluated as follows: (*Maximum 40 points*)

- A. Extent to which the proposed project reflects a superior understanding and prioritization of community needs, community problems or barriers to accessing health care services within the community that have been documented by various credible sources in the application. (*Maximum 15 points*)

- B. Amount and importance to community of services that project will maintain that otherwise might be eliminated or extent to which project will improve existing services. *(Maximum 15 points)*
- C. Extent to which Applicant demonstrates achievable and convincing outcomes and methods to effectively monitor and evaluate these outcomes. *(Maximum 10 points)*

Section E - Financial Capacity (Scoring 0-20 points), based on responses below:

This section evaluates Applicant's need for a grant based on net assets and working capital.

Authority Staff shall review each Applicant's 2004 (generally as of and the period ending June 30, 2004) Audited Financial Statements (or 2004 Federal Tax Form 990) and shall assign points based on the Total Net Assets and Working Capital of each Applicant.

- (1) The Total Net Assets of each Applicant shall be evaluated as follows:

<u>Total Net Assets</u>	<u>Points</u>
Less than or equal to \$250,000	10
\$250,000-\$500,000	5
\$500,000-\$750,000	3
\$750,000 or above	0

- (2) The Working Capital of each Applicant shall be evaluated as follows:

<u>Percent Of Project</u>	<u>Points</u>
Less than or equal to 10%	10
11-30%	5
31-40%	3
41% and above	0

Section F - Project Timeline/Readiness and Feasibility (Scoring 0-35 points), based on responses below:

- (1) Authority Staff shall determine how well each Applicant demonstrates project timelines/readiness and feasibility based upon the following:

- (A) A **Project timeline** that includes the following *(not scored, but required)*:

- (1) An expected start date (e.g., construction start date(s) and/ or equipment purchase date(s).

- (2) An expected completion date (e.g., construction completion date(s), acquisition completion dates, and/or equipment installation date(s).
 - (3) Problems anticipated in implementing the Project and how problems will be managed to ensure timely completion.
- (B) **Project readiness** after a review of all of the following: (*Maximum 20 points*)
- (1) For all Projects with the exception of equipment acquisition Projects, Applicant shall submit estimates of Project costs and evidence of property ownership or, if the property is leased by a Clinic, a copy of the lease agreement that **extends at least five (5) years from the completed project** date. Applicant shall also provide building permits and/or executed construction contracts, if available. Applicant with a Project that does not yet have an executed construction contract or building permit but is actively in the process of obtaining one, shall provide a detailed statement that explains the status of obtaining the document.
 - (2) For acquisition of real property, each Applicant shall submit a copy of an executed purchase and sale agreement/option agreement (or status of obtaining one) or other evidence of site control to the satisfaction of the Authority.
 - (3) For equipment acquisition Projects, each Applicant shall submit a specific list of items and cost estimates of equipment or copies of invoices, and if applicable, cost estimates of equipment removal, installation and associated training costs.
 - (4) If funding sources other than the Grant are required to complete the Project, each Applicant shall provide approval or commitment letters from the other funding sources, confirming that the funding is secured and available in accordance with the Project timeline and budget.
- (C) Whether implementation of the project is **feasible** (*Maximum 15 points*)
- (1) Each Applicant shall submit plans for Project implementation that includes credible staffing, operations and reimbursement figures. If the Project will result in an expansion of services, the Applicant shall provide an organization chart identifying key personnel for the expanded services.

- (2) Each Applicant shall submit a prepared feasibility study, funding letters or other documentation such as the minutes of Board of Director meeting in which the project was approved, to demonstrate that the Project will generate sufficient revenues to provide on-going support for new or expanded services and/or research programs. If revenues generated by the Project will be insufficient, Applicant's revenues shall be sufficient as determined by Authority staff to provide on-going support.
- (D) If the Authority Staff determines at its discretion that Applicant does not demonstrate timeliness, readiness, or feasibility, Applicant may not be eligible for Grant funding.

The Authority Staff will evaluate a grant application based upon an Applicant's ability to complete the project in a timely manner.

- Applicants must provide a reasonable timeline that contains the information requested in *Section F, Part 1(A)* of the application.
- Applicants must provide documentation, which supports the ability to commence the project, as described in *Section F, Part 1(B)* of the application.
- Applicants must provide a description of their ability to implement the project that contains the information requested in *Section F, Part 1(C)* of the application.

Section G – Sources and Uses (not scored, but required):

This section evaluates Applicant's available sources of funds and proposed uses of funds.

- Applicant shall detail all sources of funds required to complete the proposed Project. Sources may include, but are not limited to, the total Grant request, borrowed funds, internal assets, and other sources. If the Project, or a portion of the Project, has been or will be submitted to other lenders or grantors for funding, Applicant shall list them and the status of their consideration.
- Applicant shall detail the uses of all funds required to complete the proposed Project. The total uses shall not exceed the total of all available fund sources.

Initial Allocation

The Authority Staff shall rank the Application Forms based on the highest scores received. In the event that more than one Applicant has the same score, Authority Staff shall assign those Applicants the same ranking. The Executive Director shall make an Initial Allocation to the Applicants, taking into account the ranking of all Applicants, the total amount of funds requested and the total amount of funds available. In the event total funds requested exceed

total funds available, the Executive Director shall make an Initial Allocation according to the following allocation schedule:

- The Authority shall allocate available funds to the highest-ranking Applicants, equal to 100 percent of Applicant's Grant request, to be known as Rank # 1.
- Applicants who score below Rank # 1, will be maintained on a Waiting List, and may be eligible for funding in the Second (2nd) Round, if funds are available.
- In the event that Applicants score the same points, Authority Staff will determine ranking based on points scored in the following order: population served, financial capacity, and project readiness.

Broad Geographic Distribution

- After the Initial Allocations are made, the Executive Director shall ensure that a minimum of eight million dollars (\$8,000,000) has been initially allocated for Projects in each of four (4) regions, including the *Central Coast, Los Angeles/Ventura, Northern/Central and Southern California*. If any region receives less than eight million dollars (\$8 million) in total Grant funds, the Initial Allocation to the regions with excessive funds shall be reduced in an amount sufficient to mitigate the deficiency in any region receiving insufficient funds. To accomplish this purpose, funds shall be re-allocated from the lowest scored Applicants in the region with excessive funds to the highest scored Applicants that did not receive a Grant under the Initial Allocation in the region with insufficient funds.
- The distribution of Total Grant Funds in excess of the \$32 million allocated to particular geographic regions shall be based solely on points scored by each Applicant, regardless of Applicant's Geographic location.
- In the event that an Applicant appeals to the Authority and the Authority approves the appeal, the funding for the approved appeal will come from excess funding described in the above paragraph. To accomplish this purpose, funds shall be re-allocated from the lowest scored Applicants that were identified as eligible for the excess funding.

Appeals

- *Availability.* An Applicant may file an appeal of any Initial Allocation. The grounds for any such appeal shall be limited to Applicant eligibility pursuant to Sections 7076 and 7083. No Applicant may appeal the Authority Staff evaluation of an Initial Allocation to another Applicant.
- *Timing.* The appeal shall be submitted in writing and must be received by the Authority no later than **ten (10) calendar days** following the transmittal date of the notification of Initial Allocation.
- *Review.* The Authority Staff shall review the written appeal based upon the existing documentation submitted by the Applicant when the Application Form was filed. The Authority Staff shall make a finding as to the merit of the appeal and shall notify the Applicant as to the decision no later than ten (10) calendar days after receipt of the appeal.

The decision of Authority Staff may be further appealed to the Authority, by written notification to the Executive Director and personal appearance before the Authority. The Executive director shall notify the Applicant of the date of the Authority meeting at which the matter will be considered.

- *Successful appeals.* If the Authority approves Grant funding to an Applicant on appeal, the funding for the Applicant's project shall be secured by amending the Initial Allocation, which may result in a reduction or elimination of Grant funds awarded to lower scoring Applicants who would have otherwise received Grant funds. If this occurs, the lower scoring Applicants will be placed on the Applicant Waiting List.

Approval of Grant and Notification of Grantees

When Initial Allocations have been determined, after taking into account the total funds available, Broad Geographic Distribution and any appeals considered by the Authority, Authority Staff shall recommend to the Authority at its regularly scheduled meeting that the Initial Allocations be approved as Final Allocations. Any Final Allocations approved by the Authority shall be awarded as Grants. Grantees shall be notified within **five (5) business days** in writing of the amount of the Grant approval.

Any Remaining Funds

If there are any remaining funds after the First (1st) Funding Round, the Authority may, at its sole discretion, award Grants to those Applicants on the Waiting List in a Second (2nd) Funding Round. After funding Grants to Applicants on the Waiting List, the Authority may, in its sole discretion, award Grants in a manner that is consistent with the purpose and requirements of the program.

Approval of Grant Use Change

The Authority or the Authority Staff may, on a case-by-case basis, consider a change in the use of the Grant if the Grantee demonstrates, to the Authority or the Authority Staff's satisfaction, that the change is consistent with the program.

Grant Agreements

The terms and conditions of a Grant shall be set forth in a Grant Agreement, which shall include, but not be limited to, all of the following terms and conditions:

- (a) A Grant amount not greater than the maximum Grant amount shown under Section 7078.
- (b) A project period. The project period may be extended at the discretion of the Authority, pursuant to Section 7095.
- (c) Disbursement procedures pursuant to Section 7093 or Section 7095, as applicable.

- (d) A provision that any unused funds and any unused investment earnings on such Grant funds shall revert to the Authority.
- (e) Agreement to comply with the Community Clinic Grant Program of 2005 and these regulations.
- (f) Agreement that the Grantee will defend, indemnify and hold harmless the Authority and the state, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant or Project.
- (g) Agreement to comply with state and federal laws outlawing discrimination, including, but not limited to those prohibiting discrimination because of sex, race, color ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave.
- (h) Agreement that continued compliance with Community Clinic Grant Program of 2005 requirements is the Grantee's responsibility.
- (i) Agreement that the Grant shall only be used for Projects as described in Grantee's Application Form and approved by the Authority.
- (j) Any audit provisions.
- (k) Agreement that the Grantee will not dispose of any component of the Project before the end of the useful life of that component of the Project.
- (l) Any provisions relating to lease agreements pursuant to Section 7094.
- (m) Any other provisions required by the Authority.

Release of Grant Funds

- (a) No Grant funds shall be released to Grantee until the following information has been provided to the satisfaction of Authority Staff:
 - (1) For construction Projects, any supporting documentation that was incomplete with the Application Form shall be finalized and submitted along with a copy of the executed construction contract and the building permit.
 - (2) For real property acquisition Projects, a copy of the executed purchase and sale agreement/option agreement and a copy of an appraisal reflecting that the appraised value of the real property (when added to the amount of reasonable transaction and closing costs) is not less than the sum of the Grant and all other funding sources necessary to acquire the Project. The

appraisal shall be no older than six months and shall be completed by a state certified appraiser.

- (3) For all construction Projects, evidence of property ownership or if the property is leased to a Clinic, a copy of the lease agreement that satisfies the requirement of Section 7094. Construction contracts in excess of \$25,000 require copies of three (3) bids, exceptions to this policy will be considered on a case-by-case basis, with adequate justification.
 - (4) For equipment acquisition Projects, any supporting documentation that was incomplete when the Application Form was submitted or not provided at that time shall be finalized and submitted along with a list of items to be purchased and all purchase orders. Any single equipment, furnishing, or information technology item in excess of \$25,000 requires copies of three (3) bids, exceptions to this policy will be considered on a case-by-case basis, with adequate justification.
 - (5) Evidence that all other funds, if needed, are in place to complete Project.
 - (6) An executed Grant Agreement.
 - (7) When applicable, evidence that there are no outstanding issues related to the California Environmental Quality Act or any other applicable laws, if this information was not provided with the Application Form.
 - (8) Completed Grant Disbursement Forms.
- (b) Grantee shall provide this information **within twelve (12) months of the date of Final Allocation** for the corresponding funding round or the grant will be forfeited to the Authority except in cases where the recipient demonstrates, to the satisfaction of the Authority, extraordinary circumstances that prevent the recipient from meeting this requirement.
 - (c) Documentation provided for the release of Grant funds shall clearly show that the Grant award does not exceed the cost of the Project.
 - (d) Grant funds shall be released in one (1) lump disbursement only, with exceptions to be approved on a case-by-case basis by the Authority staff.
 - (e) The Authority shall retain 10 percent of the Final Allocation amount for each Applicant until adequate Project completion documentation has been provided.

Requirements for Release of Funds for Construction Projects on Leased Property

- (a) If a Clinic proposes to use Grant funds for a Project other than equipment acquisition on property where the Clinic is a lessee under a lease agreement, the following requirements shall be satisfied prior to any release of Grant funds pursuant to Sections 7093:
 - (1) The lease agreement shall provide the Clinic full access to the site to carry on its healthcare purposes. The term of the **lease agreement must be at least 5 years from the completed project date.**
 - (2) The Grant Agreement must provide that if the lease agreement is terminated prior to the term provided in (1) above, the Authority is entitled to recover the Grant funds pursuant to Section 7096.
 - (3) No Projects on leased property shall include improvements to any common areas that are shared with other tenants or areas that are not leased by the lessee Clinic under the lease agreement.
 - (4) Prior to approval of the Grant by the Authority, the Applicant shall submit the proposed lease agreement for review.

Completion of Grant Funded Projects

- (a) The Grantee shall certify to the Authority that the Project is complete and, to the extent not already provided to the Authority, provide supporting documentation as follows:
 - (1) Construction Projects require documentation including, but not limited to, copies of the certificate of occupancy, final payment certification by the architect, final payment request from the contractor and corresponding copies of cancelled checks or other documentation supporting payment.
 - (2) Real property acquisition Projects require a copy of the final closing statement with certification by the title company.
 - (3) Equipment acquisition Projects require complete packages of purchase orders, invoices and copies of cancelled checks or other documentation supporting payment.

- (b) If the Grantee fails to complete the Project within **eighteen (18) months** from the Final Allocation (plus any Authority or Authority staff approved extensions), the Authority may require remedies, including forfeiture and return of the Grant to the Authority.
- (c) On a case-by-case basis, the Authority or the Authority staff may approve a time extension beyond 18 months for extraordinary or unavoidable delays where the Grantee can demonstrate that it occurred through no fault of its own.
- (d) Documentation provided to establish the completion of a Project should clearly show that the Grant award did not exceed the cost of the Project.
- (e) Upon receipt of acceptable documentation exhibiting project completion, the Authority shall release the 10 percent of Grant funds to Grantee.

Recovery of Funds for Non-Performance and Unused Funds

- (a) If the Authority determines that Grants were not used consistent with the Community Clinic Grant Program of 2005 requirements and the terms of the Grant Agreement for an approved Project, the Authority may require remedies, including a return of all Grant funds.
- (b) In cases where Grant funds paid for a component of a Project that does not specifically benefit Program targeted patients, such as permit fees, planning fees, or land acquisition costs, and if the Authority determines the Grantee did not complete a larger Project as described in the timelines provided with the Application, the Authority may require remedies, including a return of all Grant funds.
- (c) If any portion of the Grant is forfeited to the Authority, the forfeited funds shall be distributed to the highest scoring Applicant that did not receive an Allocation.

Audits

The Authority Staff, California Department of Insurance or its designee, Commissioner, or Bureau of State Audits may conduct periodic audits/site visits to ensure Grantees are using Grants funds consistent with approved Projects. Grantees shall retain all Program documentation and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of **three (3) years** after the certification of completion of the Project has been submitted.

Reporting Requirements

The Authority shall provide notice to the Commissioner upon approving or denying any application from any Clinic. The Authority shall provide annual reports to the Commissioner and shall include at a minimum, total dollars awarded in Grants, description of each project funded in the period reported upon, the amount awarded to each Applicant, as well as a list of all Applicants who did not receive assistance and the reasons for such denial.

Pursuant to Section 15438.6(i) of the Government Code, the Authority shall report to the Joint Legislative Budget Committee on the recipients of grant funds, the total amount of each grant and the purpose for which each grant was awarded.

Administration of the Grant Program

WellPoint has made a one-time \$35 million contribution payable to the Authority, who will administer and distribute funds for the program. Per agreement, all of the \$35 million, plus interest earned on those funds shall be used for grants to Applicants. No funds shall be used for any other purpose, including administration of the program.

Internet and E-Mail Communications

Additional copies of this application can be obtained at the following website:
www.treasurer.ca.gov/chffa/. Continue to check our website for future program updates.

Submission of Grant Application to Authority

- Please review and complete the **Grant Application Checklist**. Place completed checklist in the back of Tab 5.
- In the order listed in the Grant Application Checklist, Applicants shall place the following information in a two pronged, acco-type binder and submit one original and one copy of the entire application.
- Submit to: **California Health Facilities Financing Authority**
915 Capitol Mall, Suite 590
Sacramento, CA 95814

Tab 1: Grant Program Application Form

Applicants must submit the following:

- Completed pages 1-9 of application, **clearly mark Sections 1A thru 1H in Tab 1** to enable staff to process grant applications efficiently.
- Pages 1, 2, 3, 6, 8 and 9 require form fill-in.
- Pages 4, 5, 6 and 7 require insertion of narrative or applicable documentation.
- Include any third-party data or other information requested in the appropriate application sections.

Tab 2: Agency Finances

Applicant shall submit final audited financial statements for fiscal year 2004, if no audit is available, fully executed Federal Tax Return Form 990 for 2004.

Tab 3: Organizational Information

Applicants shall submit copies of the following:

- Copy of the California State Department of Health Services license(s) or notification of exemption from licensure.
Note: If requested amount is > \$250,000 must provide copies of all existing clinic licenses.
- Copy of tax exemption letter from both the Internal Revenue Service and the State Franchise Tax Board.

Tab 4: Legal Information

Applicants shall review and respond to the questions in *Attachment A* and disclose all relevant information in *Attachment B*. On-reservation Indian clinics must complete *Attachment D*. Applicable attachments must be included under *Tab 4*.

Tab 5: Certifications

The Agreement and Certification (*Attachment C* of application), must be executed by the Executive Director, the chairperson of the board, or another authorized individual of the Applicant and included under *Tab 5*.

II. Definitions

The following words and phrases, as used in this Chapter are defined as follows:

(a) “Act” – means the Cedillo-Alarcón Community Clinic Investment Act of 2000, as set forth in Section 15438.6 of the Government Code, as amended by Stats. 2005, ch. 493.

(b) “Applicant” - means a Clinic applying for Grant funds under the Community Clinic Grant Program of 2005.

(c) “Application Form” - means the written request by an Applicant to the Authority for a Grant under the Community Clinic Grant Program of 2005, which includes pages 1-17, Attachments A-D and all materials submitted with Form # CHFFA 6 Rev. 3-2005. If necessary, the Application Form for the Second (2nd) Funding Round shall be developed at a future date.

(d) “Audited Financial Statements” means an examination and report of the financial activities of an eligible Applicant for fiscal year 2004 (or a more recent audit for the Second (2nd) Funding Round, if necessary), performed by an independent accounting firm under generally accepted accounting principles.

(e) “Authority” - means the California Health Facilities Financing Authority.

(f) “Authority Staff” - means employees of the Authority.

(g) “Broad Geographic Distribution” - means that approximately eight million dollars (\$8 million) in Grant funds will be allocated to each of the following four geographic regions for Projects in that region:

1. Central Coast: the counties of Mendocino, Sonoma, Marin, Napa, Solano, Contra Costa, Alameda, Santa Clara, San Benito, Monterey, Santa Cruz, San Mateo, and San Francisco;
2. Los Angeles/Ventura: the counties of Los Angeles and Ventura;
3. *Northern/Central*: the counties of Del Norte, Humboldt, Siskiyou, Trinity, Shasta, Modoc, Lassen, Tehama, Glenn, Butte, Plumas, Sierra, Yuba, Sutter, Lake, Colusa, Yolo, Sacramento, El Dorado, Placer, Nevada, Amador, Alpine, Calaveras, San Joaquin, Stanislaus, Tuolumne, Mono, Mariposa, Merced, Madera, Fresno, Kings, Tulare, and Inyo;
4. *Southern California*: the counties of San Luis Obispo, Santa Barbara, Kern, San Bernardino, Orange, Riverside, San Diego, and Imperial.

The balance of funds in excess of \$32 million shall be allocated on the basis of total points received by each Applicant, regardless of geographic location.

(h) “Clinic” - means a “Community Clinic” or “Free Clinic”, as defined by Section 1204(a) of the Health and Safety Code that has been licensed by the State Department of

Health Services as of January 1, 2004. “Clinic” also includes a Clinic, as described in Section 1206(c) of the Health and Safety Code, that is exempt from licensure and conducted, maintained or operated by a federally recognized Indian tribe or tribal organization, as defined in Section 450 or 1601 of Title 25 of the United States Code, and which is located on land recognized as tribal land by the federal government.

(i) “Community Clinic Grant Program of 2005” or “program” – means the program resulting from the Act.

(j) “Commissioner” – means the California Insurance Commissioner.

(k) “Completed Project” – means an eligible Project that is completed (in place and fully operational).

(l) “Executive Director” - means the Executive Director of the Authority.

(m) “Expansion of Services” – means adding a new service or expanding the capacity to an existing service.

(n) “Final Allocation” – means the amount of funds awarded to an Applicant by the Authority based on an Initial Allocation that has been adjusted according to the total amount of funds available for distribution, Broad Geographic Distribution and any appeals approved by the Authority.

(o) “First (1st) Funding Round” – means the “Funding Round (1st) for which an application is due on the final filing date noticed in the Application Form. Funding available for the First (1st) Funding Round is equal to \$35 million (\$35,000,000), plus interest earnings on these funds, plus any remaining funds from the Grant program previously authorized and funded by Section 15438.6 of the Government Code as enacted by Stats. 2000, ch. 99.

(p) “Going Concern Qualification” - means a finding by an independent accounting firm that the carrying value of an entity’s assets will be realized and its liabilities will be liquidated in the ordinary course of continuing business activity.

(q) “Grant” - means a Final Allocation approved by the Authority.

(r) “Grant Agreement” – means a separate agreement between the Authority and Grantee which specifies the terms and conditions of the grant as specified in Section 7092.

(s) “Grantee” – means an Applicant that has received Grant Approval by the Authority.

(t) “Health Professional Shortage Areas (HPSAs)” – means those areas or facilities designated as having a shortage of health professionals by the Secretary of the U.S. Department of Health and Human Services in accordance with Section 254e of Title 42 of the United States Code. (Federal law also recognizes facility HPSAs.)

- (u) “Improvement of Services” means an improvement in the quality of care provided to existing patients.
- (v) “Indigent Care” – means a ratio calculated by Authority Staff between the number of Indigent patients and the number of total patients that are reported by each Applicant in its 2004 annual report on file with the Office of Statewide Health Planning and Development pursuant to Section 1216 of the Health and Safety Code.
- (w) “Initial Allocation” - means an Authority staff-level decision granting an allocation to an Applicant based on score and rank, adjusted according to the total amount of funds available for distribution and for Broad Geographic Distribution.
- (x) “Medically Underserved Areas (MUAs)” – means those areas designated as medically underserved by the Secretary of the U.S. Department of Health and Human Services as published in the Federal Register from time to time in accordance with Section 51c.102 of Title 42 of the Code of Federal Regulations.
- (y) “Medically Underserved Populations (MUPs)” – means the population of an urban or rural area designated as medically underserved by the Secretary of the U.S. Department of Health and Human Services in accordance with Section 254b of Title 42 of the United States Code.
- (z) “Memorandum of Understanding (MOU)” – means the agreement entered between the California Insurance Commissioner and the Authority authorizing the Authority to administer this program and providing the basic parameters for the program.
- (aa) “Project” - means the construction, expansion, remodeling, renovating, acquiring, furnishing, or equipping of a Clinic, and includes the removal, installation, and maintenance of electronic and non-electronic equipment, as well as the reasonable costs associated with training personnel on the use of the new equipment. Project does not include normal operating expenditures, non-capital equipment, refinancing, or reimbursement of expenditures prior to the Final Allocation date. No pre-construction costs are allowed, except for eligible permit and planning fees.
- (bb) “Project Period” means a defined beginning and end date approved by the Authority for implementation of the Project.
- (cc) “Second (2nd) Funding Round” – means funding of grants after the First Round Funding, subject to funds being available.
- (dd) “Special Needs Populations” – means a population of patients with serious chronic or acute conditions that require an extraordinary level of experience and care to provide health care services that result in extraordinary costs to a Clinic.
- (ee) “Total Grant Funds” means \$35 million, plus interest earnings on these funds, plus any forfeited funds returned from Grantee’s back to the Authority, plus remaining funds from the grant program previously authorized and funded by Section 15438.6 of the Government Code, as enacted by Stats. 2000, ch. 99.

(ff) “Total Net Assets” – means the total equity of a non-profit organization, representing the difference between its total assets and its total liabilities, as shown on the Applicant’s final Audited Financial Statement for 2004, or if not available Federal Income Tax Form 990.

(gg) “Uncompensated Care” – means a population of patients measured as a ratio calculated by Authority Staff comparing self-pay and non-pay patient encounters with total patient encounters, as reported in the most recent annual reports filed by primary care and specialty clinics with the Office of Statewide Health Planning and Development in accordance with Section 1216 of the Health and Safety Code.

(hh) “Underinsured Population” – means the number of patients having partial health insurance coverage and required to self-pay or pay on a sliding scale for health care services not provided by their health insurance program or plan.

(ii) “Uninsured Population” – means a population of patients measured as a ratio calculated by Authority Staff comparing patient encounters from the Child Health and Disability Prevention Program (CHDP), the Medically Indigent Services Program (MISP), the County Medical Services Program (CMSP), the Expanded Access to Primary Care Program (EAPC), other county programs, other state programs, self-pay and non-pay encounters with total patient encounters filed by primary care and specialty clinics with the Office of Statewide Health Planning and Development in accordance with Section 1216 of the Health and Safety Code, as shown in the annual report for 2004.

(jj) “Waiting List” – means a list of Applicants who are waiting for Grant funds, if Grant funds are available after the funding of the First (1st) Funding Round.

(kk) “Working Capital” – means the excess of current assets over current liabilities, as shown on the Applicant’s 2004 Audited Financial Statements or Federal Tax Form 990.